

*Boomerang*

Michael Lewis

The Work of One Businessman to Explain the Next

Review by Max G

Since the market collapse of 2007, people have been looking to understand what went wrong. Michael Lewis's book *Boomerang* takes examples of how regular businessmen led the world economy to the verge of collapse. For those economic savvy readers Michael Lewis also calls upon financial experts such as Morgan Kelly a economic professor at the University of Dublin to give their analysis. Throughout the book Lewis moves around the world to view how different economies got to the point of utter failure, including, Iceland, Ireland, and Greece. The heart of this book really derives from how regular businessmen had such a detrimental impact on the world economy. Lewis delves into the issue of the sub-prime mortgage crisis, real estate bubble, and debt crisis.

Lewis's background demonstrates a deep understanding of economics as he attended the London School of Economics and Princeton University. After obtaining degrees from both, he worked for the notorious Solomon Brothers during its peak years. Due to his personal experience Lewis has been able to apply personal knowledge to books he has written. This use of personal experience and knowledge has turned out to be quite a successful approach as his other books *Moneyball*, *The Big Short*, and *Liar's Poker* have all been incredibly popular.

Lewis is able to write the book *Boomerang* reporting about visits during the economic recovery. He opens the book discussing his visit to Iceland when their banks were way over their heads in debt. The issue in Iceland was that people were taking out loans they could not ultimately afford. This is only one of three countries with gravely ill economies that Lewis analyzes. Lewis likely uses multiple

countries in this piece of literature to show the viewpoints of countries all in completely different situations during this time. However, a strong point he makes throughout book is how hesitant economic powerhouses were to bail out countries. When Lewis visits Germany, he finds that the German peoples are very concerned about loaning out money to irresponsible “business” people. Unfortunately, they are stuck because one only knows what could happen if world powers begin to default on their debt.

For high school students *Boomerang* could most definitely be a sophisticated and compelling read. If a person is interested in economics, the recent financial crisis, and has a decent level of understanding of finance then *Boomerang* would be right up one’s alley. Readers must have caution though because if one doesn’t have a basic understanding of the global economy and finance it can become a very difficult and dry read. Michael Lewis does a fine job of breaking down each countries root issues. However, for those students looking for a book that they will be able to sit back and leisurely enjoy *Boomerang* is not recommended. The reason that this book would generally be recommended to high school students though is because it intrigues readers to do outside research and have a greater comprehension of economics, a very important aspect of everyday life.

Lewis has a key weakness that may spurn a lot of readers. This being that he uses very sophisticated finance language which is not comprehensible to a high school student without a feel for finance and economics. For example when speaking about Germany buying debt from Greece he states, “But the ECB has a rule- and the Germans think the rule is very important- that they cannot accept as collateral bonds classified by the U.S. rating agencies as in default.” The reason this is viewed as a weakness of his work is because he fails to explain in this case what collateral bonds are. This is a major concern as there are many different types of bonds and he doesn’t state what distinguishes collateral bonds from forsay municipal bonds, this could be an issue considering most readers don’t know what a

bond is in the first place. Besides this one area of his writing with *Boomerang*, the rest is written very well. Lewis doesn't rely too much on other sources instead harvesting his own intellect and using it. Also, the story has a great sense of flow as he uses information of one country to bounce to the next country he would like to speak of. When transitioning from Greece to Germany, Lewis makes the point, "Germany became something like a mirror image to Iceland and Ireland and Greece and the United States." This gives the reader a sense of understanding as he proves how each situation is connected to one another tying it all together by the end of the book.

Michael Lewis does an excellent job for the audience he is catering to in *Boomerang*. This audience being the economically knowledgeable young reader who is trying to understand what led to the greatest financial collapse since the Great Depression. He provides plenty of in depth discussion about insight about the causes and effects of each country's financial meltdown. It really is a nice read that is still relevant as these are lessons that will be needed to be learned in the business world, it is recommended to all who enjoy the criticality from one business man to the next.